



Department of Economic and  
Community Development



**Catherine H. Smith**  
**Commissioner**

## **Finance, Revenue and Bonding Committee Public Hearing – 3/11/13**

**In Opposition to: SB 1053: AA Concerning Expanded Eligibility For  
Apprenticeship Training Tax Credits.**

**In Support of: SB 1055: AAC Various Tax Credits And An Exemption To, And A  
Study of, The Income Tax**

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Senator Fonfara, Representative Widlitz, Senator Frantz, Representative Williams and distinguished members of the Finance, Revenue and Bonding Committee, thank you for the opportunity to allow the Department of Economic and Community Development (“DECD”) to submit testimony related to three bills on your agenda today.

DECD is in opposition to SB 1053, which seeks to expand the eligibility for the apprenticeship training tax credit program to business entities other than corporations, in order to provide additional incentives for job creation. Though DECD is in support of increasing training opportunities within our state, we feel that the expansion of this program to S Corporations and single member limited liability companies would create a financial burden on Connecticut. By allowing members of these pass through entities to claim the exemptions against their income tax earnings, will only contribute to a loss of revenue to the state.

In comparison, the proposal laid out in Section 5 of SB 1055 seeks to create a more responsible and fiscally prudent alternative to the aforementioned proposal. As opposed to significantly expanding the pool of eligible entities, DECD recognizes that the costs associated with training have increased significantly and we support the proposed increase in the credit through a phased in approach to already eligible entities.

Since the Apprenticeship Training Tax Credit Program was implemented, the last time the program received a rate increase was in 1994. We are continuing to recognize the importance of increased training but we must take into account our current fiscal situation. Therefore, DECD would like to see this credit increased from the current \$4,800 to \$6,000 starting January 1, 2014 in order to keep up with current training costs.



DECD supports Sections 2 & 3 of SB 1055 which seeks to consolidate two existing tax credits, section 12-217ff, donation of land for educational use, and section 12-217dd, donation of open space land. These programs are currently underutilized and have only resulted in an average of three claims per year, with the average claim coming in at \$502,000. It is the intention to consolidate these two credits under one in order to streamline the process for those seeking to participate. As DECD continuously seeks to eliminate waste and reduce redundancy, having multiple credits with similar benefits is duplicate and confusing at best.

DECD supports Section 4 of SB 1055 which seeks to provide consistency among all three of DECD's film tax credit programs. Specifically, it makes the period in which an assignee may claim the film infrastructure credit consistent with the allowable periods currently for the film production credit and the digital animation credit.

DECD supports Section 7 of SB 1055, which seeks to target the tax credits available under the JET program to hiring of those that are unemployed, are Veterans or are receiving services from the Department of Rehabilitation Services or from the Department of Mental Health and Addiction Services. In addition, the bill consolidates the amount of funding available from \$20 million for each of two years to a total of \$40 million for the program. The last change is technical in nature and merely allows for the carry forward of funds from one year to the next in order to meet program demand until credits are exhausted.

Thank you for the opportunity to testify.